



## WHAT ARE THE FINANCIAL CONSIDERATIONS FOR TRADING?

The primary costs of trading are:

- › Implementing the BMP;
- › Ongoing BMP maintenance cost; and
- › Costs associated with developing a private contract.

The cost associated with creating tradable credits will be offset by the revenue from selling your credits and may be helped by cost-share programs. Many BMPs will qualify for cost-sharing programs available from the Idaho Department of Environmental Quality (IDEQ), the Natural Resources Conservation Service (NRCS), and the SCC. The BMP will also improve water and pollutant management. Under favorable conditions, you should expect to pay back the BMP cost with trading revenue within a couple of years.

## HOW CAN YOU LEARN MORE?

To learn more about pollutant trading, contact the SCC and NRCS.

### **Soil Conservation Commission**

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Alternatively, contact your local SCC conservationist.

For further SCC information, including district contact information, please visit the SCC website at: [www.scc.state.id.us](http://www.scc.state.id.us)

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Alternatively, contact your local NRCS personnel.

For further NRCS information, please visit the NRCS website at: [www.id.nrcs.usda.gov](http://www.id.nrcs.usda.gov)

In addition, the Idaho Pollutant Trading Guidance is available at the website: [http://www.deq.state.id.us/water/wastewater/guidance\\_pollutant\\_trading\\_Nov03.pdf](http://www.deq.state.id.us/water/wastewater/guidance_pollutant_trading_Nov03.pdf).

# WATER QUALITY POLLUTANT TRADING IN IDAHO

This brochure provides farm and irrigation system owner/operators with information on how to participate in pollutant trading.





## WHAT IS WATER QUALITY POLLUTANT TRADING?

Water quality pollutant trading is a contractual agreement to exchange pollution reductions between two partners. It is a voluntary, business-like way of helping solve water quality problems.

Trading does not create new regulatory obligations; trading partners execute trades through private contracts. Pollutant trading is beneficial when pollutant sources face substantially different pollutant reduction costs. Typically, a person or entity facing high pollutant control costs pays another person to create a less costly pollutant reduction.

The major components of a water quality pollutant trading system are:

- › **Trading parties** (buyers and sellers);
- › A **commodity** (a pollutant such as phosphorus);
- › **Reductions** (measured or calculated amounts of pollutant reduction); and
- › **Credits** (reductions adjusted to reflect water quality impact).

In the case of farm and irrigation system owner/operators, trading will typically occur with an industrial plant or a municipal wastewater treatment plant that has a water quality permit.

## WHY IS THERE WATER QUALITY POLLUTANT TRADING?

Trading marketplaces emerge when water quality needs to be improved. Any source located in a watershed with a trading marketplace capable of creating tradable credits is able to participate.

## CAN YOU CREATE TRADABLE REDUCTIONS?

By changing your current farm or irrigation management practices using an approved Best Management Practice (BMP), you can reduce your nutrient and/or sediment run-off. By reducing run-off, you may qualify to sell

surplus reductions to a water quality permit holder.

There are four steps to understand your tradable credits:

1. Calculate your field edge pollutant;
2. Calculate BMP reductions;
3. Account for water quality contribution;
4. Adjust your reductions for water quality impact.

The Soil Conservation Commission (SCC) can help you investigate pollutant trading opportunities. The SCC technical assistance staff can tell you if you currently operate in a watershed where nutrient or sediment reductions are needed. If so, they can also work with you to identify your tradable credits. A step-by-step agricultural community guidebook describing how to calculate your tradable credits is also available from the SCC.

